

Research and Policy on Parallel Courses

The challenges of measuring the influence of research on Viet Nam's economic policies

Since the early 1990s, Viet Nam has embarked on a radical overhaul of its economic system. The country aims to open its economy to market forces – but without changing its socialist political structure. During this same period, IDRC has sponsored three large research programs in Viet Nam. Have these projects influenced Viet Nam's policies?

Despite its still considerable economic and social problems, Viet Nam has made important strides. In less than 12 years, it has succeeded in raising itself from the bottom of the World Bank's list of least developed countries to the status of "simply" a developing country.

Some 80% of the Viet Nam's 80 million citizens live in rural areas. Economic development, however, is concentrated in the two main cities, Ho Chi Ming City in the South and, to a lesser extent, Ha Noi in the North. This creates increasingly large and growing disparities of opportunities, employment, and income. Not surprisingly, illegal migration from the countryside to the cities is growing.

Nevertheless, Viet Nam's progress is impressive. GDP per capita increased from US\$114 in 1990 to an estimated \$423 in 2002, despite a population increase of 14 million people. During the same period, seafood exports rose from \$239 million to \$2 billion and rice exports doubled. Viet Nam is now a leading exporter of rice, coffee, footwear, and other products.

None of these developments have happened by accident. Since 1991, Viet Nam has pursued an ambitious program of economic reform and modernization called Doi Moi, or "reconstruction." Doi Moi aims to introduce into Viet Nam's socialist system some elements of a market-oriented economy – a "market socialism," in effect. Doi Moi has an unusual and distinctive characteristic: the determination to change the economic components of the communist system without changing the political system. Because this

has not been attempted before except in the People's Republic of China, there is no roadmap, no recipe to follow.

André Saumier, who assessed the influence of research on policy in Viet Nam on behalf of the International Development Research Centre (IDRC), notes: "few in the leadership had much, if any, even superficial familiarity with either the theory, the practice, the measurement or the development and deployment of such policies. Since none of these could come from within, at least for an initial period of undetermined length, they had per force to come from without."

IDRC's presence in Viet Nam

It is in this context that IDRC began supporting research in Viet Nam in 1991. A study commissioned by IDRC's Evaluation Unit in 2002 sought to determine if, to what extent, and by what means the work it sponsored has had a degree of policy influence. As André Saumier points out in his report, "The 'policy impacts' one is searching for here are neither trivial nor marginal. We are indeed looking at the root and branch re-design of an economic system; that re-design is unfolding within the extremely severe constraint of the continuation in power of a totalitarian Party [...]."

Andre Saumier's report was compiled on the basis of a literature review and interviews with Vietnamese researchers and senior government officials, in particular leaders of advisory and research bodies. His survey focused on three IDRC programs.



VISED

In 1993, IDRC and the Canadian International Development Agency (CIDA) supported a major effort to increase Viet Nam's capacity in environmental economic research through the Vietnam Sustainable Economic Development (VISED) program. By its close in 1997, it had supported 50 relatively small-scale, somewhat disparate investigations in 25 institutions. It examined such varied topics as special economic zones, shareholding companies, credit funds, and state-owned enterprises.

IDRC's counterpart organization was the new Ministry of Science, Technology, and the Environment. Although the Ministry was less involved with economic issues, it had a strong, well-connected Advisory Group.

VEEM

In 1997, IDRC and CIDA each contributed to VISED's successor, the five-year Viet Nam Economic and Environment Management (VEEM) program, which built on the past experience in a more tightly structured manner. VEEM aimed to enhance the government's capacity for policy development in economic integration and natural resource management, and to conduct policy-oriented research in those areas. Says André Saumier: "VEEM had a clear and upfront policy thrust from day one."

VEEM's economic component focused on only two interrelated areas: trade liberalization and the competitiveness of export industries. Five major reports, published in 2001, were supported by a comprehensive computerized trade database, the first and only one of its kind in Viet Nam.

MIMAP

The Micro Impacts of Macroeconomic and Adjustment Policies program (1995-2001) had two somewhat autonomous components: poverty monitoring and modeling issues. Poverty alleviation and hunger elimination have for years been stated policy objectives of the Government of Viet Nam.

The poverty monitoring component sought to develop a community-based monitoring system offering "richer" and quicker data on actual poverty than large traditional surveys. MIMAP proposed and tested a methodology calling for bottom-up measurement on the basis of simple question-

naires administered by local people. Such an approach ought to lead to social programs better tailored to the needs of each community.

The other MIMAP component supported the development of econometric models capable of analyzing the broad consequences of various policy stances or proposals – a first for Viet Nam. The areas analyzed were the distribution and equity effects of fiscal policy (that is, VAT rates) and of trade reform (tariff rates).

Assessing policy influence

Research can influence public policy in different ways, for example, by expanding policy capacities, broadening policy horizons, and affecting policy regimes.

Expanding policy capacities

Research can support the development of innovative ideas and the skills to communicate them, and develop new talent for doing issues-based research and analysis. In other words, research can improve the *institutional* framework surrounding policymaking.

When IDRC started supporting research in Viet Nam, the policy capacities of Vietnamese institutions and scholars were weak. Because Vietnamese economists in important policy advisory positions had studied orthodox Marxist doctrines in Soviet capitals, they were unacquainted with Western economic concepts. The kind of economic analysis required in a market economy is fundamentally different from that called for in a centrally planned economy. All economists therefore had to be retrained in capitalist economic theory and models. But who would do the retraining, and how?

It is at this level "that the three IDRC programs [...] made an outstanding and singular contribution through their adoption of an innovative approach which no one else was using at that time," writes Saumier. The approach: to let the Vietnamese researchers themselves select the issues to be investigated, to entrust the research to Vietnamese institutions and researchers, and to provide senior academic advisors who came periodically to Ha Noi to advise their colleagues and to review progress. As well, IDRC encouraged the formation of inter-institutional networks capable of working cooperatively. This approach proved extraordinarily fruitful, and gradually a cadre of competent researchers emerged.



The effectiveness of that method was evident from the start, with the VISED program and its varied small projects. But the scenario holds particularly for the components of VEEM, which were major undertakings calling for the gathering and analysis of large quantities of hard data. The preparation of the computerized trade database, for example, was a complex exercise hitherto unheard of among Vietnamese researchers.

The scenario applies also to the modeling component of MIMAP. Here again, Vietnamese researchers, assisted by outside scholars, carried out the complex work. Similarly, when the time came to actually use the model to analyze policy proposals, the issues were selected by Viet Nam's Ministry of Finance.

Another innovation, encouraged especially by VEEM and MIMAP, was the creation of teams of institutions and researchers working together, a rare collaboration in Viet Nam. The IDRC projects showed that it was possible to jointly carry out complicated endeavours requiring a range of skills.

Broadening policy horizons

Research can introduce new ideas to the policy agenda, ensure that knowledge is provided to decision-makers in a form they can use, and nourish dialogues among researchers and decision-makers. To put it another way, research can improve the *intellectual* framework surrounding policymaking.

As André Saumier notes, Doi Moi was launched when the limitations of the communist economic doctrine became increasingly obvious. Therefore, he writes, "The initial challenge to policy and decision-makers was less one of broadening existing policy horizons than one of exploring a true 'terra incognita' of economic policy and of finding one's way around there." At the beginning of this process, Viet Nam enjoyed great success: the country was heralded as the "new tiger" because of the rapid growth of its economy. "A certain complacency had taken hold," notes Saumier, "based on the view that sufficient reform had by and large already been implemented, that success was basically in hand." But the Asian financial crisis of 1996-1997 was a brutal wake-up call. The urgent question then became: how to restore the momentum?

As these issues arose after VISED had ended, the program's role in broadening policy horizons is unclear. It is true that most of the projects supported by VISED did break fresh ground, such as its contribution to new thinking on regional development. On the other hand, VISED's impact on senior level advisors remains poorly documented.

By contrast, the VEEM program helped the Institute of Economics address two urgent questions: trade policy and competitiveness policy. The Institute's research showed that the vaunted export orientation policy of the government was actually one of import substitution and, in effect, a legacy of the centrally planned economy. It also showed that the tariff policy worked to the detriment of rural areas. In addition, the research revealed that measures to maintain the competitiveness of the key export sectors of garments and textiles were based on flawed analyses. Undoubtedly, such findings had important policy implications.

The conclusions reached by the Institute were shared by other key policy groups, and, as Saumier points out, these were "in the air" although it is not possible to fully document the mechanisms employed for the diffusion of the results to senior policy levels. But the economic component of VEEM was managed by three senior government advisors who could bring those findings to high places. And as several persons interviewed during this evaluation argued, the president of the Institute of Economics played a key role in his capacity as a member of the Party Central Committee and of the Standing Committee on Economic Affairs of the National Assembly.

One of MIMAP's overt purposes was to broaden policy horizons, since it proposed a new definition of poverty and a novel method to document it. "It is clear," writes Saumier, "that MIMAP has had an important impact on the thinking and methodology of PHERP [the National Program for Hunger Eradication and Poverty Reduction]."

MIMAP's modeling component has also had a clear broadening effect on the taxation side of the Ministry of Finance. The Ministry's lack of econometric models was remedied by the development of a Computable General Equilibrium model with the assistance of IDRC-provided experts. The Ministry has since taken "ownership" of this model and has been using it for many purposes. It is also continuing to expand it.



Affecting policy regimes

Finally, research can sometimes influence public policy in a direct way: findings can modify the development of laws, regulations, programs, or structures. In actual fact, such a process is rare and normally circuitous, and only in a few instances can change be attributed, visibly and directly, to the inspiration of research alone.

As Saumier argues, because the implementation of Doi Moi called for a fundamental re-design of programs and policies and the development of new ones, “it would certainly not be illegitimate to argue that the various components of VISED and VEEM did inevitably affect the Viet Nam policy regimes, if only by the fact that they expanded the Government’s policy capacities and broadened its policy horizons in a context of strong demand for policy and of very scarce supply thereof.”

Clear paths are difficult to trace, but in the case of VISED, one can at least observe that many important

policy decisions did conform, ultimately, to the recommendations of some research.

VEEM, meanwhile, came to far-reaching conclusions, but paradoxically had less perceptible direct effect on policy regimes. Among factors contributing to this were academic-style reports that were not operational in policy terms. Also, the reports became available only in late 2001 and so insufficient time may have passed for their influence to be felt.

MIMAP did not set out to replace current poverty indicators. However, the government may well adopt MIMAP’s approach to poverty measurement. Thus, that program will have enjoyed far-reaching policy consequences. And its modeling element has led to interesting theoretical conclusions, for example concerning the failure of trade liberalization to “trickle down.”



Some lessons

- ❑ All three of IDRC’s programs have had an impact on policy, particularly on the expansion of policy capacities and the broadening of policy horizons.
- ❑ Timing contributed strongly to achieving policy influence: Viet Nam was transforming its economic system and was therefore in need of research to guide its reforms.
- ❑ In Viet Nam more than in most countries, institutional and personal links were crucial to achieving influence on policy and measuring this impact later. Strong, well-connected project advisory groups contributed.
- ❑ IDRC’s general approach of fostering an indigenous and autonomous research and policy capability through capacity-building, institutional development, and network creation contributed to its success. Persistence and perseverance were key.

The International Development Research Centre (IDRC) is a Canadian public corporation, created to help developing countries find solutions to the social, economic, and natural resource problems they face. Support is directed to building an indigenous research capacity. Because influencing the policy process is an important aspect of IDRC’s work, in 2001 the Evaluation Unit launched a strategic evaluation of more than 60 projects in some 20 countries to examine whether and how the research it supports influences public policy and decision-making. The evaluation design and studies can be found at: www.idrc.ca/evaluation/policy